

FACTS ABOUT**Proposed Regulation for Small Fleets of In-Use Off-Road Diesel Vehicles**

On May 25, 2007, the California Air Resources Board (ARB) will consider a regulation to reduce toxic emissions from existing off-road diesel vehicles used in California. As discussed further below, the proposed regulation contains special, less stringent provisions for small fleets. For additional information regarding this proposed regulation please see: *Overview of Proposed Regulation to Reduce Emissions from In-Use Off-Road Diesel Vehicles*.

How would the proposed regulation define a small fleet?

The following fleets would be defined in the proposed regulation as small fleets:

- Municipalities with total fleet horsepower less than or equal to 1,500 horsepower (hp);
- Small businesses with total fleet horsepower less than or equal to 1,500 hp. (A small business is an independently owned and operated business activity that is not dominant in its field of operation, and that meets the definition of small business in California Government Code 11342.610.);
- All municipality fleets in low-population counties (Alpine, Amador, Calaveras, Colusa, Del Norte, Glenn, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, San Benito, Sierra, Siskiyou, Sutter, Tehama, Trinity, Tuolumne, and Yuba); and
- Municipality fleets in other counties that have received ARB Executive Officer approval to be treated like a municipality in a low population county.

The total fleet horsepower used to calculate fleet size excludes low-use vehicles. "Low Use" vehicles are those operated less than 100 hours per year.

What would the regulation require of small fleets and when would the requirements take effect?

Beginning in 2015, each year, the regulation would require each small fleet to meet the fleet average emission rate target for particulate matter (PM) or apply the highest level verified diesel emission control system to 20 percent of its horsepower. Small fleets could reduce their PM emissions either by applying exhaust retrofits that capture pollutants before they are emitted to the air, or by accelerating turnover of fleets to newer, cleaner engines. Small fleets would need to report their vehicles to ARB beginning August 1, 2009. Annually thereafter, they would need to report any changes to their fleet.

How do the proposed requirements for small fleets differ from those for larger fleets?

Small fleets are completely exempt from the NO_x fleet average portion of the rule and thus are never forced to undertake any accelerated turnover. The small fleet PM fleet average targets begin five years after those for large fleets and generally lag five years behind those for medium and large fleets.

Why does the proposed regulation include different, less stringent requirements for small fleets?

Staff proposed more time for the smallest fleets that are also small businesses because many of them are one- or two-person operations for whom learning about and understanding the regulation may be a challenge. The larger fleets, with their economies of scale, greater resources and revenue streams, and greater access to financing, are also more likely to be able to absorb or pass through the cost of the regulation without major disruption. Finally, enforcing the regulation in early years for just the relatively few largest fleets would present less of a challenge than enforcing the regulation for the very numerous smallest fleets.

How much will the regulation cost a small business with a fleet of 1,500 hp or less?

The cost will vary depending on the size of the fleet, vehicle age, engine size, when vehicles would normally be replaced and the compliance strategy chosen by the fleet. However, a typical small fleet could expect costs of approximately \$73/hp. A typical small business with 1,000 horsepower could expect the total cost of the regulation over its lifetime to be \$73,000 (2006 dollars), with average annual costs of \$6,000 per year (2006 dollars) over the years 2009 to 2030.

What exemptions would there be from the mandatory retrofit requirements?

The following engines would be exempt from exhaust retrofit requirements:

- Engines in vehicles less than five years old;
- Engines for which there is no retrofit available or for which the retrofit cannot be safely installed;
- New engines that come with a diesel particulate filter (DPF);
- Engines already retrofit with the best available PM exhaust retrofit that achieves at least 50 percent PM reduction at the time of installation; and
- Engines retrofit with an experimental diesel emission control strategy approved by ARB's Executive Officer.

Are there special provisions for Low-Use vehicles?

Yes, low-use vehicles (that operate less than 100 hours/year in California) are subject only to the labeling and reporting portions of the rule. They need not be turned over, retrofit, or included in the fleet average calculations.

Will incentive funding be available to help small businesses?

Yes. California has the largest clean air incentive program in the nation, the Carl Moyer Program, with more than \$140 million available each year primarily through the local air districts. In addition, ARB is in the process of awarding funds from a one-time \$25 million grant program to public agencies for the purchase of low-polluting construction vehicles.

The Carl Moyer Program will only pay for emission reductions that go beyond the requirements of the regulation and occur at least three years early. Because their initial compliance dates are not until 2015 and because they are exempt from the NOx portion of the regulation, many small fleets would be able to access Carl Moyer Program funds in advance of their first compliance date and would always be eligible for projects that achieve NOx reductions.

Where can I find more information about the proposed regulation?

The staff report and technical support document for the proposed rule are posted at <http://www.arb.ca.gov/regact/2007/ordiesl07/ordiesl07.htm>

Further information including a spreadsheet fleet average calculator for compliance planning, is available on the off-road rule website at <http://www.arb.ca.gov/msprog/ordiesel/ordiesel.htm>

After the rule is adopted, in the years before the regulation takes effect, staff plans to hold numerous training and outreach events to help educate small fleets about the regulation.

For additional information

Please contact ARB's diesel hotline at (866) 6DIESEL (634- 3735). You may also obtain this document in an alternative format by contacting ARB at: (916) 322-4505 (voice); (916) 324-9531 (TDD, Sacramento area only); or (800) 700-8326 (TDD, outside Sacramento). TTY/TDD/Speech-to-Speech users may dial 711 for the California Relay Service.